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RUEHAK/AMEMBASSY ANKARA 1767
RUEHBJ/AMEMBASSY BEIJING 1769
RUEHRL/AMEMBASSY BERLIN 1715
RUEHIL/AMEMBASSY ISLAMABAD 1759
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C O N F I D E N T I A L SECTION 01 OF 02 DUSHANBE 001576

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E.O. 12958: DECL: 8/17/2016
TAGS: [PREL](#) [PGOV](#) [ECON](#) [EAID](#) [IN](#) [TI](#)
SUBJECT: INDIAN EXPECTATIONS FOR TAJIKISTAN POSITIVE, BUT REALISTIC
AFTER STATE VISIT

REF: DUSHANBE 1555

CLASSIFIED BY: Tom Hushek, Charge d'Affaires, U.S. Embassy,
Dushanbe, State.
REASON: 1.4 (b)

11. (C) SUMMARY AND COMMENT: India will continue to assist Tajikistan through exchanges, grants, military cooperation and targeted investment, but the memoranda signed during President Rahmonov's August 6-10 state visit to India only "legalized" initiatives already underway. G. Balusubramanian, First Secretary at the Indian Embassy in Dushanbe told PolOff August

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14 the visit solidified an already positive bilateral relationship, but was unlikely to realize Rahmonov's desire for increased trade or anything more than diplomatic warm-and-fuzzies. The lack of transit routes between Central Asia and India, coupled with Tajikistan's poor business climate make it unattractive for Indian investors or traders. However, India has been a quiet, but steadily engaged partner for Tajikistan in economic, education and military sectors for several years. As the relationship grows, India may serve as a counterweight to some of Tajikistan's more aggressive and demanding allies, as well as providing an example of a successful non-Western democracy to which Tajikistan might relate. END COMMENT.

12. (C) In addition to the five memoranda (reftel), which Balusubramanian characterized as "very generic," the two sides tried unsuccessfully for additional agreements on taxation and visas. A Bilateral Investment Promotion Agreement already exists, but the Indians hoped the Tajiks would consent to an agreement to avoid double taxation on goods and services. However, the Tajik Ministry of Finance insisted on certain terms

that made it impossible for the heads of state to sign the agreement. Balusubramanian noted that in attempts to establish a visa free regime for official passports, the Indian side got in a "legalistic tangle" as to which paragraphs of the existing agreement covering diplomatic passports to amend.

13. (C) He reported that the agreement on energy included a multi-million dollar grant to rehabilitate the parts of the Varzob cascade hydropower station, an \$8.3 project for which the U.S. Trade and Development Agency had funded a feasibility study in 2005. India had been looking at the project since 2003, but had been limited to \$5 million in assistance at the time. Balusubramanian thought they would increase the amount to cover at least two of the three phases of the project.

14. (SBU) Several joint Indian-Tajik working groups established in previous bilateral meetings hastily met in Delhi the days before the state visit, to check the box of having conducted "regular" bilateral meetings. The third Indo-Tajik Joint Commission on Trade, Economy, Scientific and Technical Cooperation meeting took place July 31- August 1 to enhance bilateral trade and economic relations. The second session of the Joint Working Group on Counter Terrorism met August 3-4 to intensify cooperation on counterterrorism and counternarcotics.

15. (SBU) Indian assistance has been quiet, but surpassed U.S. assistance in education. India will continue to fund short- and long-term scholarships for students and professionals. Through the Indian Technical and Economic Cooperation Program, India provides Tajikistan 80 short term exchanges annually. Through the Indian Council on Cultural Relations, 30 Tajik students can study for one to three years. After successfully opening an Information Technology center in Dushanbe earlier this year, Balusubramanian said they would establish a Tool Center at the Technical University in the coming year.

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16. (C) Balusubramanian dismissed press reports estimating Indo-Tajik trade between \$2 and 12 million, as well as President Rahmonov's claims that it had once reached \$30 million. Although trade spiked when India was sending alumina to be processed at the Tajik state-owned aluminum factory TadAZ, there has never been consistently high levels of commerce between the two countries. According to Balusubramanian, the few Indians who have tried something other than suitcase shuttle trading have found Tajikistan a difficult place to do business. One importer of pesticides saw his wares held up for weeks because Tajik authorities would not recognize his letter of credit. It currently takes 60 days, with 6 border crossings to move goods from India, through Iran, Turkmenistan, Uzbekistan to Tajikistan, making it unprofitable for most items other than pharmaceuticals.
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